WSP | Parsons Brinckerhoff Washington Update - March 16, 2017 - Interim Update - Trump Administration FY'18 "Skinny Budget"

This morning, the Trump Administration released an initial outline of its FY'18 budget recommendations which call for significant cuts in domestic discretionary programs. Typically administrations submit their annual budget requests to Congress in early to mid-February. However, new administrations generally need extra time to develop their budget priorities. In this case, because of the major changes in spending priorities that the Trump Administration plans to propose, a detailed budget is not expected to be released until late April or early May. In the meantime, a so-called "skinny budget" is being released today.

It is important to keep in mind that the Administration can only recommend federal agency funding levels. It is up to Congress to pass an FY'18 budget resolution and the 12 annual federal agency appropriations bills. While the Republican majority in Congress will certainly want to support President Trump, it is very likely many Members of Congress, not just Democrats, will have their own budget priorities and will fight to protect local programs and projects. While it is too early to predict whether the Trump budget will be DOA, as many previous administration budgets have been, it is certain that Congress will not accept the recommendations without significant changes.

The programs that are taking the biggest hits in the Trump budget are those in the domestic discretionary program category with the deepest cuts proposed for environment, labor, agriculture, and foreign aid programs. Fortunately, at this time, mandatory programs, such as the highway and transit programs funded through the Highway Trust Fund as well as the Airport Improvement Program (AIP), are protected. In the transportation sector, the biggest cuts are proposed for those programs funded with general revenues, not through the HTF, such as Amtrak, FTA Capital Improvement Grants (CIG), and TIGER grants. CIG programs include New Starts, Small Starts and Core Capacity grants. The plan proposes to cut $2.4B from US DOT discretionary programs overall.

The budget proposes to limit CIG grants to only those projects with existing Full Funding Grant Agreements (FFGAs). Future investments in new transit projects would be funded "by the localities that use and benefit from these localized services". It proposes to eliminate federal funding for Amtrak's long distance trains. It eliminates funding for the highly popular TIGER discretionary grant program. TIGER was funded at $500M in FY'16. It supports legislation to authorize the highly controversial proposal to shift FAA's Air Traffic Control (ATC) function to the private sector.

Fortunately, the CIG and TIGER programs, in particular, and Amtrak to some degree, enjoy significant support in Congress from members whose districts/states are recipients of these grants.

Proposed cuts to critical transportation and other infrastructure programs seems to be a significant disconnect with President Trump's commitment for $1 Trillion for infrastructure investment.

Information about the funding proposals for other federal infrastructure programs will be sent out shortly.

Here is a link to the "skinny budget – "America First – A Budget Blueprint to Make America Great Again". See pages 35 and 36 for information about the proposed transportation budget. Here is the text of that section:

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) is responsible for ensuring a fast, safe, efficient, accessible, and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people today, and into the future. The Budget request reflects a streamlined DOT that is focused on performing vital Federal safety oversight functions and investing in nationally and regionally significant transportation infrastructure projects. The Budget reduces or eliminates programs that are either inefficient, duplicative of other Federal efforts, or that involve activities that are better delivered by States, localities, or the private sector.

The President's 2018 Budget requests $16.2 billion for DOT's discretionary budget, a $2.4 billion or 13 percent decrease from the 2017 annualized CR level.

The President's 2018 Budget:

Initiates a multi-year reauthorization proposal to shift the **air traffic control function** of the Federal Aviation Administration to an independent, non-governmental organization, making the system more efficient and innovative while maintaining safety. This would benefit the flying public and taxpayers overall.

Restructures and reduces Federal subsidies to **Amtrak** to focus resources on the parts of the passenger rail system that provide meaningful transportation options within regions. The Budget terminates Federal support for Amtrak's long distance train services, which have long been inefficient and incur the vast majority of Amtrak's operating losses. This would allow Amtrak to focus on better managing its State-supported and Northeast Corridor train services.

Limits funding for the Federal Transit Administration's **Capital Investment Program (New Starts)** to projects with existing full funding grant agreements only. Future investments in new transit projects would be funded by the localities that use and benefit from these localized projects.

Eliminates funding for the **Essential Air Service (EAS) program**, which was originally conceived of as a temporary program nearly 40 years ago to provide subsidized commercial air service to rural airports. EAS flights are not full and have high subsidy costs per passenger. Several EAS-eligible communities are relatively close to major airports, and communities that have EAS could be served by other existing modes of transportation. This proposal would result in a discretionary savings of $175 million from the 2017 annualized CR level.

Eliminates funding for the unauthorized **TIGER** discretionary grant program, which awards grants to projects that are generally eligible for funding under existing surface transportation formula programs, saving $499 million from the 2017 annualized CR level. Further, DOT's Nationally Significant Freight and Highway Projects grant program, authorized by the FAST Act of 2015, supports larger highway and multimodal freight projects with demonstrable national or regional benefits. This grant program is authorized at an annual average of $900 million through 2020.

Cathy Connor
Senior Vice President
Federal Government Affairs
WSP|Parsons Brinckerhoff
New Address:
1015 Half Street, SE
Suite 650
Washington, DC 20003
202-783-0241 (office)
202-746-1969 (cell)
